



Homestead
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Investing in U.S. Farmland

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I. Strategy

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Farmland Market Overview

Significant opportunity for value-add investor with local presence to generate alpha

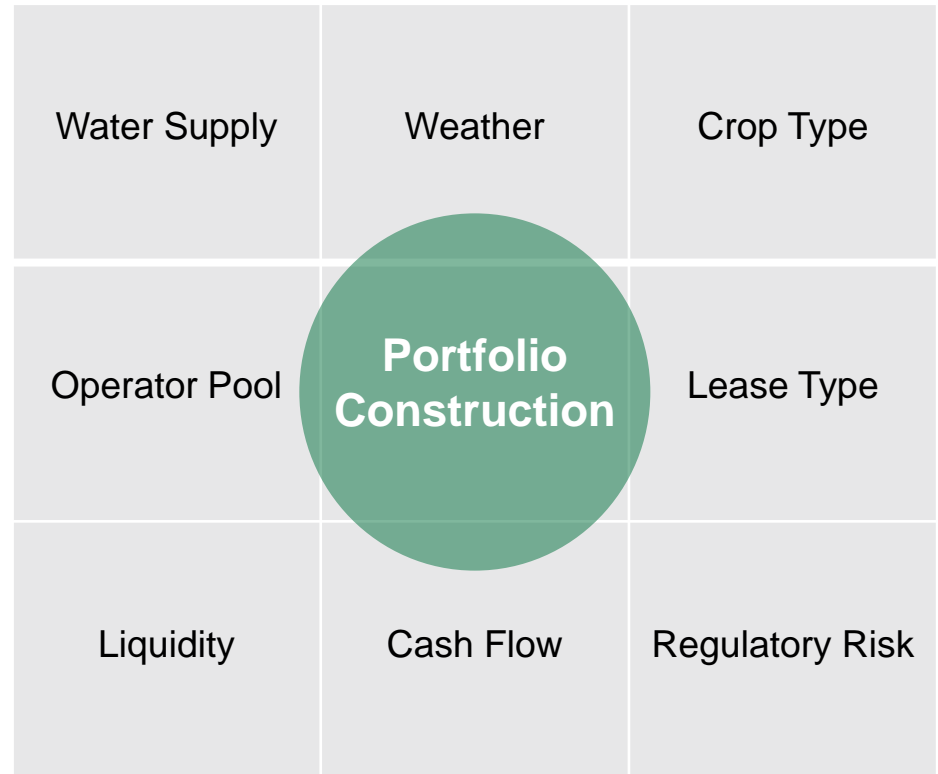
Key Feature	Considerations	Strategy
Wide Productivity Gap	<p>U.S. Farms by Acreage</p> <p>U.S. Farms by Production</p> <p>Productivity Arbitrage</p> <p>■ Small & midsize family farms ■ Large-scale family farms ■ Non-family farms</p>	<p>Value-Add Investment Style</p>
Large and Diverse	<p>Distribution of Farmland Values by County*</p> <p>US Market Size</p> <ul style="list-style-type: none"> ▪ \$2.5 trillion market ▪ 900 million acres ▪ 2.2 million farms ▪ Market in generational transition ▪ Active buyers and sellers 	<p>Local Ag Ecosystem</p> <p>Regional Farm Managers (RFM)</p>

Importance of Portfolio Construction

Successful farmland investing requires a sophisticated understanding of the sources of risk in farming and the ability to utilize portfolio construction strategies to manage those risks

Portfolio Construction Critical in Farmland Investing

- Certain risks inherent to agricultural production (weather, commodity prices, water regulation, etc.) are impossible to eliminate at the farm level
- Through disciplined portfolio construction, we can manage our exposure to these risks at the portfolio level
- We can arrive more efficiently at our return targets by blending higher risk, higher returning farms (i.e. greenfield development permanent crop farm) with lower risk, lower returning farms (i.e. Midwest cash rent farm)
- Utilizing tools such as lease structure and crop insurance allows us to dynamically adjust risk factor exposures and income volatility



Homestead's Investment Strategy

"Private Equity" Approach to Value Creation

Capital Improvements

■ Identify and Implement Capital Improvements:

- Improving irrigation systems
- Tiling to help with drainage
- Storage to help with marketing
- Leveling uneven land to increase efficiency and yield

Farm Management: Operator and Lease Type

■ Partner with Top Farming Talent and Utilize Optimal Leases:

- Farmers with the newest and most efficient equipment and technology
- Farmers who are experienced yet up to speed with latest techniques
- Negotiate leases that optimize risk/return profile

Economies of Scale

■ Identify Assets That Benefit From Economies of Scale:

- Source deals from farmers who want to expand a well running operation and improve efficiency of neighboring parcels
- Look for opportunities to purchase contiguous acreage

Crop Rotation

■ Develop Most Efficient and Profitable Crop Rotation:

- Most soils where row crops are produced are capable of growing various crops and our team of Farm Managers are experienced in selecting the most profitable and efficient rotations
- This also presents good buying opportunities where there are farms that are not taking full advantage of the capability of the farm because they don't have expertise or knowledge of other crops

Precision Agriculture Technology

■ Leverage Advancements in Precision Agriculture Technology:

- Variable rate technology can use information generated by sensors to vary rates of almost any input, including nutrients, seed, water, herbicide, insecticide and fungicide
- GPS technology has also revolutionized tractor and implement guidance systems, allowing for precision tilling, planting, spraying and fertilizing

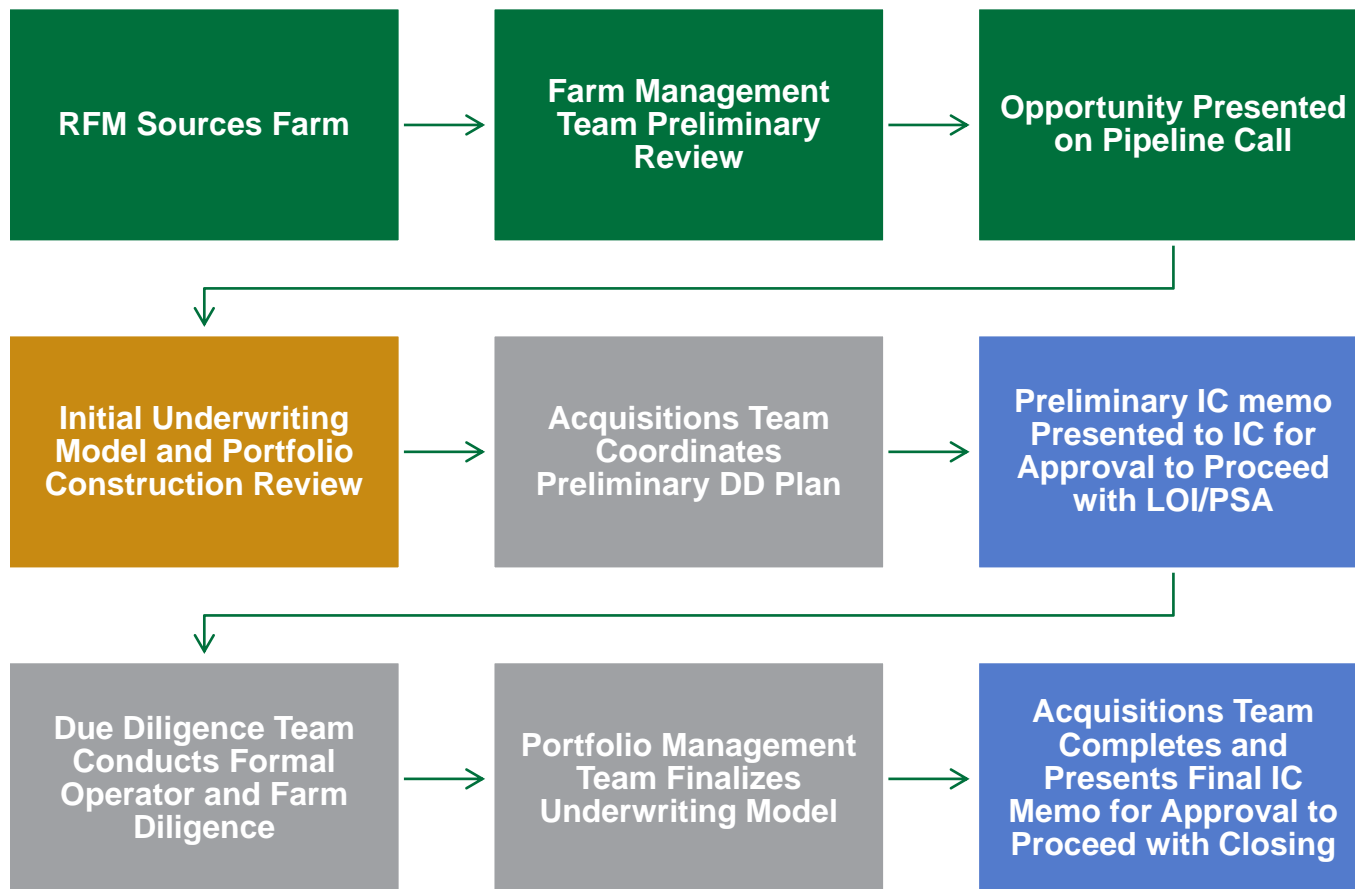
Government Programs

■ Identify Opportunities to Benefit from Regulatory Knowledge and Government Network:

- Understanding government subsidy programs for things like crop insurance and capital improvements can help to improve farm profitability and risk management
- Some government programs create other avenues for income generation (i.e. Wetland Mitigation Banking Land Conservation)

Homestead's Investment Process

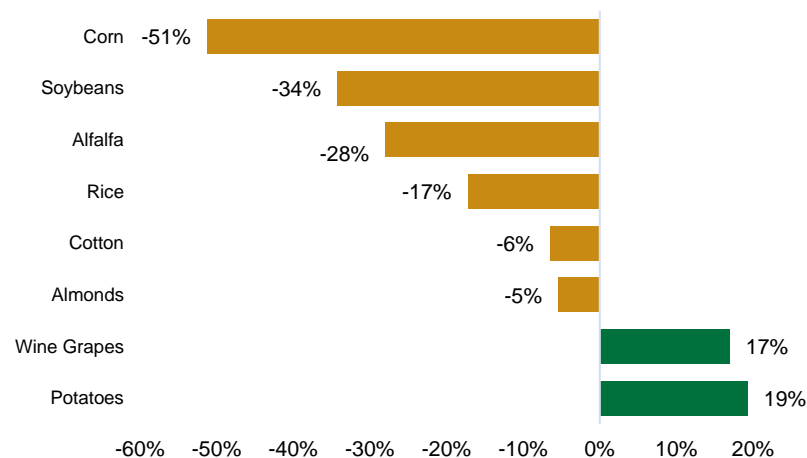
- 1 Sourcing and Preliminary Review
- 2 Portfolio Construction Review
- 3 DD and Underwriting
- 4 Investment Committee Review



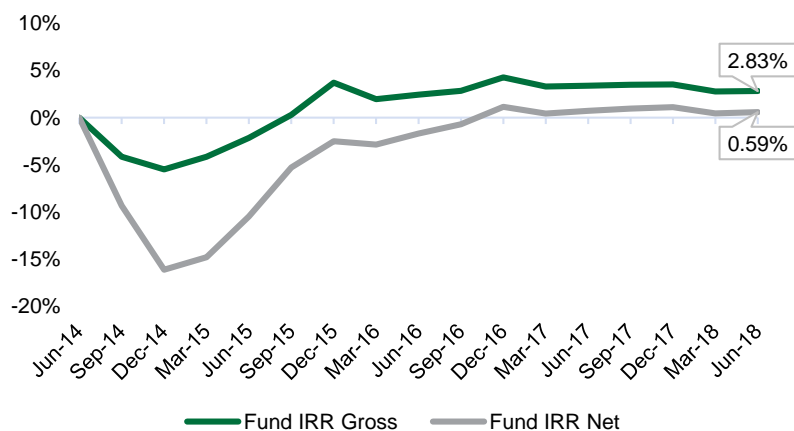
Fund I and Fund II: Realized Performance

	Fund I	Fund II
Fund Size	▪ \$173.0mm	▪ \$401.5mm
First Close Date	▪ April 2014	▪ August 2016
Acres	▪ 19,181	▪ 21,513
States	▪ 11	▪ 8

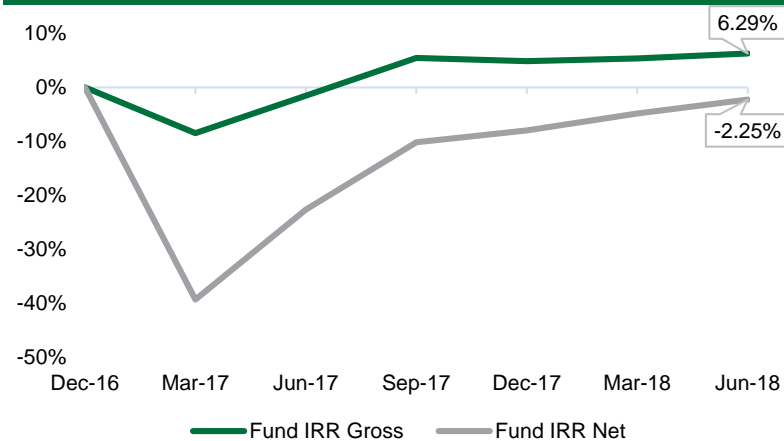
% Change in Price from 2012*



Fund I IRR Returns



Fund II IRR Returns



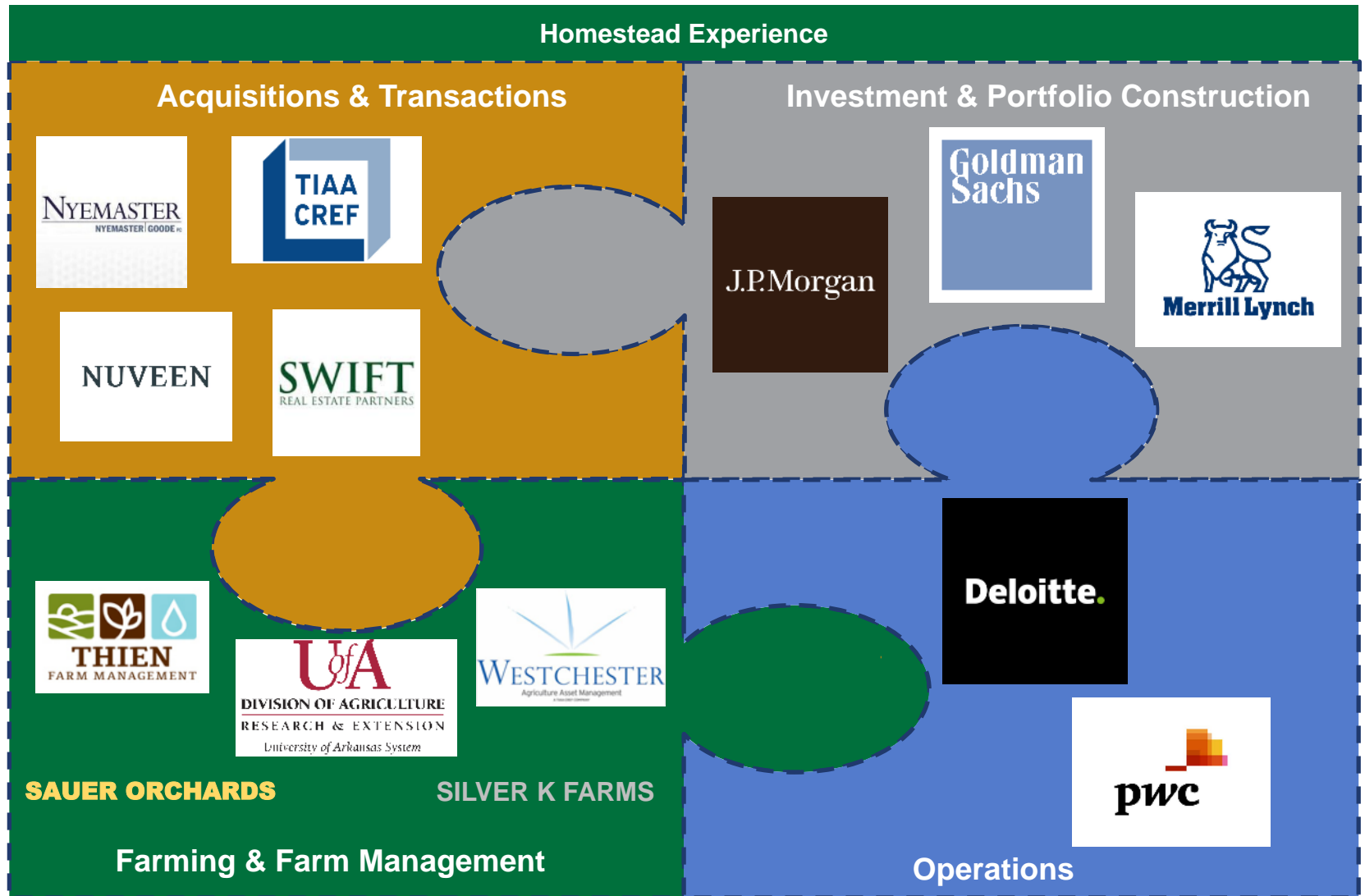
* % change calculated between 2012 – 2017, except for almonds and wine grapes (2012-2016)



II. Homestead Team

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Homestead Capital Experience



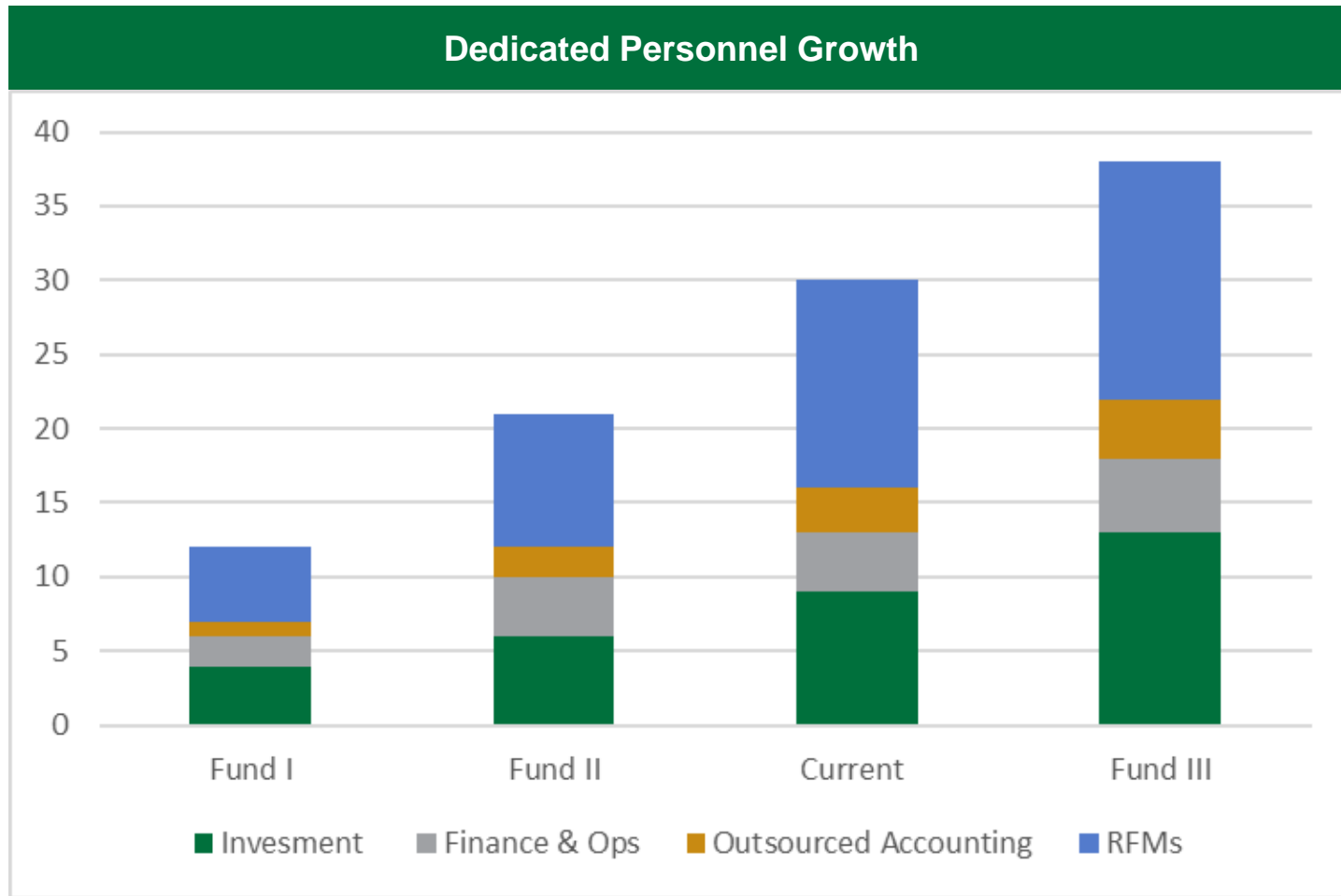
Current and Anticipated Fund III Org Structure

	Co-CEO Portfolio Manager Dan Little	Co-CEO Portfolio Manager Gabe Santos	
Portfolio Management	Farm Management, Due Diligence, Acquisitions		Operations
Vice President, Portfolio Manager Ryan Gallant	Vice President, Row Crops Tony Windham	Vice President, Acquisitions Patrick Trainor	CFO Peter Susko
Financial Analyst Chad Wong	Vice President, Permanent Crops Alex Sauer	Vice President, Due Diligence Kyle Jacobs	Controller Andrea Davidson
Generalist Analyst* TBD	Associate, Row Crops* TBD	Associate, Acquisitions* TBD	Operations Associate* TBD
	Associate, Permanent Crops* TBD	Associate, Due Diligence* TBD	Outsourced Legal Counsel Jess Vilsack
Regional Farm Managers			
Mountain West Tom Boyer Carrie Gibson Brandon Vining Larry Wright	Delta George Baird Steve Brunson Dan Spencer Ardith Morgan	Midwest Ray Brownfield Jason Lestina David Thien** Adam Thien	Pacific Darrell Atkinson Richard Brockmeyer TBD* TBD*

*Candidates currently being interviewed.

**Also serves as a due diligence consultant

Homestead Organizational Growth





III. Case Studies

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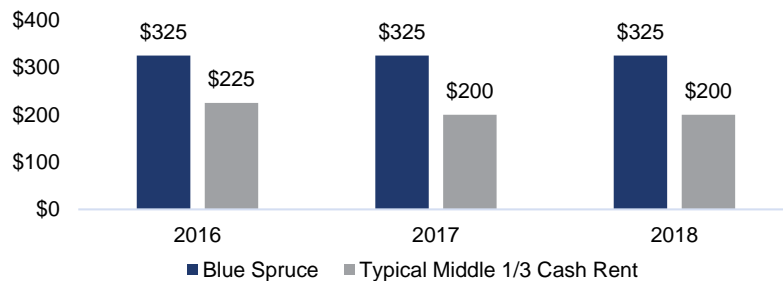
Project Blue Spruce

Background

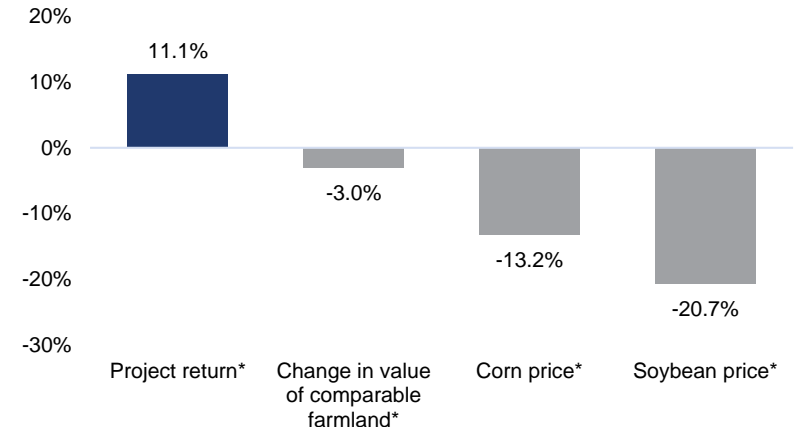
- Project Blue Spruce is an Illinois corn and soybean farm consisting of three separate tracts: a rectangular parcel of approximately 246 acres and two separate smaller parcels totaling 120 acres.
- The property was purchased by Homestead toward the end of May 2016 and was sourced through a neighboring landowner who had a long history of operating the property.
- Given the local dynamics, it was our view that the property could have sold at a higher price had the parcels been sold separately; however, the seller was more concerned about speed and ease of transaction vs. price maximization.
- Following our first harvest, we agreed to sell the two smaller parcels to the neighboring landowner at a price that resulted in a 15.5% total return on that acreage. This is consistent with our experience that farmers are often willing to pay a premium for neighboring parcels given the associated scale benefits and how infrequently such parcels come up for sale.
- Subsequently, we have sold the remaining acreage to a third party under terms that resulted in an 11.1% IRR for the entire project. This return exceeds our target for the region despite a particularly challenging market backdrop. The transaction closed on July 25, 2018.

Cash Rent Differential

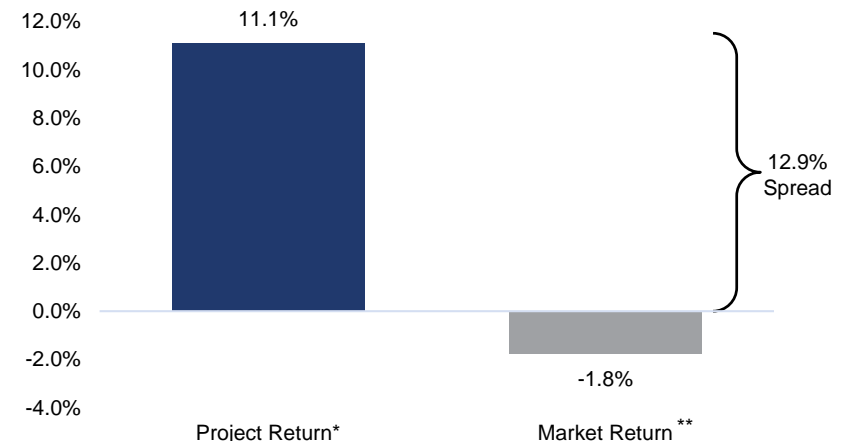
Cash Rent: North Central Region with Good Soil (P/I)



Strong Outperformance vs. Broader Market



Comparative IRR Spread



*Project return is based on realized cash flows after transaction costs, but before management fees, fund expenses, and carried interest. Change in value of comparable farmland refers to similar productivity farmland in north central IL according to the ISPFMRA. Corn and soybean prices refer to the performance of the front-month futures contract between May 2016 and July 2018.

** Represents hypothetical return assuming the Blue Spruce land price had moved in line with changes in state level USDA data..

Project White Alpha II

Location

Central Washington



Acquisition Summary

Close date	▪ December 2016
Crop acreage	▪ 389.5
Total capitalized cost	▪ \$7.2mm
Per acre	▪ \$18,448
Allocated capital	▪ \$27mm

Lease Type

Direct/Custom Operation

Crop Share

Net Share

Flex Lease

Cash Rent

Sourcing, Investment Background & Value Add Strategy

- Project White Alpha II is a greenfield orchard opportunity located in the Babcock Ridge area of Central Washington. The farm was sourced off-market by the operator of an existing Homestead orchard in Washington.
- The property is currently a row crop farm and has historically grown alfalfa, corn, and wheat. However, the region is prime apple growing territory, which is a higher value crop. In fact, White Alpha II is one of the few remaining large tracts in the area that hasn't been converted to orchard.
- Given the significant capital expenditures required for a greenfield orchard development, Homestead conducted extensive due diligence on the property to ensure that the soils, topography, and location were all conducive to apple production.
- Homestead intends to develop the orchard in stages over the next several years with plantings diversified among several apple varieties. Meanwhile, acres that are not yet being developed will be leased for continued row crop production.

Property Aerial



Project White Alpha II: Milestones and Timeline

2017

January – July

- Orchard Layout
- Variety Selection
- Marketing Planning
- Irrigation System Design & Bidding

February

- Rootstock Orders

April

- Seller's Environmental Clean-up Complete, Holdback Released

July

- Property Title Clean-up Complete, Holdback Released

August

- Finalize Tree Orders
- Break Ground on Main Reservoir

Fall

- Reservoir Construction
- Irrigation Infrastructure Installation
- Land Prep for 2018 Planting

2018

Spring / Early Summer

- Complete Main Reservoir
- Land Prep for 2018 Planting
- Install Trellis for 2018 Planting
- Plant ±60 Acres (Pink Lady, Fuji)

Spring – Fall

- Grow, Train New Trees
- Land Prep for 2019 Planting
- Construct Second, Small Reservoir
- Install Underground Irrigation Pipe
- Construct H2A Worker Housing Site
- Drill & Develop New Domestic Well
- Complete Shop/Office Renovations
- Complete Orchard Roadways
- Install Trellis for 2019 Planting

2019 - 2025

2019

- Install Trellis for 2019 Planting
- Plant ±300 Acres
- Install Wind Machines
- Install Shade Cloth
- Grow, Train New Trees

2020

- Harvest First Crop (2018 Planting)

2021

- Harvest First Crop (2019 Planting)

2023 – 2025

- Orchard Reaches Maturity

Project White Alpha II: Improvement Update

Pond Construction





IV. General Terms

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Key Terms

Fund III	
Target Fund Size	<ul style="list-style-type: none">■ \$600 – \$700mm
Fund Term	<ul style="list-style-type: none">■ Fifteen (15) years, with the possibility of two (2) additional one-year extensions
Management Fee	<ul style="list-style-type: none">■ During the Investment Period, 1.5% per year of the Limited Partners' Capital Commitments■ Once the Investment Period ends, 1.5% per annum of unreturned capital that is invested or budgeted, reserved or committed for investments
Carried Interest and Preferred Return	<ul style="list-style-type: none">■ 15% carry over a 6% preferred return■ European waterfall

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